

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 96-786

March 18, 1999

Central Maine Power Company  
Petition for Approval to  
Furnish Gas Service In and To  
Areas Not Currently Receiving  
Natural Gas Service  
TRANSPORTATION SERVICE

ORDER APPROVING  
SCHEDULES OF RATES  
AND TERMS OF

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

We approve CMP Natural Gas's terms and conditions of service, pages 21.0 through page 29.1, pages 140.00 through 140.02, pages 150.00 through 150.02 (all Originals), as filed on February 25, 1999, pending our further proceeding to establish transportation service and unbundling policies for natural gas service throughout the State of Maine.

**II. PROCEDURAL HISTORY**

On December 17, 1998, the Commission issued an Order in this docket approving CMP Natural Gas's proposed rate plan but did not approve certain of CMP Natural Gas's proposed rates and terms of service as filed in this proceeding on October 1, 1998.<sup>1</sup> In particular, we rejected CMP Natural Gas's proposed mandatory capacity assignment service terms until we had an opportunity to review capacity assignment in a broader policymaking proceeding.

On February 2, 1999, CMP Natural Gas filed revised schedules in response to the Commission's December 17th Order. The Consumer Assistance Division reviewed the proposed schedules and recommended several minor changes to ensure consistency with the Commission's rules on customer service, payment and disconnection procedures.

CMP Natural Gas filed finally revised schedules on February 25, 1999, proposing a new effective date of March 5, 1999. CMP Natural Gas served copies of the schedules on all active parties in this proceeding (Northern Utilities, Inc., Bangor Gas Company, L.L.P., and the Office of the Public Advocate) and the cover letter on all parties.

CMP Natural Gas requested final approval of its schedules to permit the general sales schedules to become effective on March 5, 1999. With CMP Natural Gas's consent, the Examiner retained CMP Natural Gas's transportation service schedules for

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<sup>1</sup> In that order, we authorized CMP Natural Gas to provide natural gas local distribution service under its proposed rate plan and to begin construction.

further consideration. The Director of Technical Analysis approved CMP Natural Gas's proposed general sales schedules under her general delegated authority to approve compliance schedules on March 5, 1999.

We deliberated this matter on March 15, 1999.

### **III. DECISION**

In our December 17th Order, we approved CMP Natural Gas's overall rate plan, including its proposed Index Price Option (IPO) and Fixed Price Option (FPO) gas price adjustment mechanisms and basic rates. Other provisions of CMP Natural Gas's proposed schedules, specifically its proposed customer charges and collection fee, were approved subsequently.

In our December 17th Order, we rejected CMP Natural Gas's request to be allowed to require mandatory capacity assignment for sales customers who migrate to transportation-only service because we concluded that a broad policy review of this and other capacity assignment options was necessary. We now recognize that other aspects of the proposed transportation service of CMP Natural Gas, and other local distribution companies terms, require our review in a generic proceeding to allow us to consider and establish statewide policies that will balance the needs of gas consumers and utilities with service terms that appropriately encourage competition.

In the foreseeable future, gas utilities in Maine will be offering their customers a choice between purchasing both gas and transportation services from the utility or purchasing only transportation from the utility while buying gas from the competitive market. This approach can only work if the transportation charges are nondiscriminatory and allow customers to fairly weigh the desirability of purchasing gas from the utility and the competitive market. Conversely, if we set the cost of transportation too high or impose unduly restrictive Terms and Conditions on transportation customers, we would be raising overall costs and frustrating the efficient development of the gas market in the state.

The issues surrounding gas transportation pricing and policies are relatively new to Maine, which has historically had only limited access to natural gas supplies and distribution. We believe the most efficient mechanism to address these issues is a generic proceeding dealing with gas transportation for all three gas utilities. We expect to open that generic proceeding shortly.

In the mean time, CMP Natural Gas is currently engaged in marketing and securing customers for its startup system. Consequently, it requests immediate approval of its transportation service tariffs. Because we do not wish to impede the development of new natural gas service in those areas of Maine that are positioned to benefit from it in the near term, we will approve for now CMP Natural Gas's proposed transportation service tariffs pending the completion of our broad policy proceeding to establish statewide unbundling policies for Maine.

Though we approve CMP Natural Gas's proposed service schedules for the present, we remain concerned that the prices and terms for transportation service may in some respects be too high or too restrictive for the long term development of a robust competitive market. These include the Interruption and Buyback and Compensation provisions on schedule pages 23.0 and 24.0, the balancing provisions on pages 21.0 - 21.4, and the non-utility gas supplier security provisions on pages 29.0 - 29.1. Nonetheless, we are approving these schedules, because, in the short run, we believe the benefits of allowing some level of competition outweigh the harm these prices and terms might cause. In addition, a period of experience under these rules may provide useful input into our long range policies.

Accordingly, we

### O R D E R

1. That CMP Natural Gas's proposed Original rate schedules and terms and conditions of transportation service pages 21.0, 21.1, 21.2, 21.3, 21.4, 22.0, 23.0, 24.0, 25.0, 26.0, 27.0, 28.0 (reserved), 29.0, 29.1, 140.00, 140.01, 140.02, 150.00, 150.01, and 150.02 (all Originals), as filed February 25, 1999, are approved for effect on this date pending further general review of statewide transportation service policies.

Dated at Augusta, Maine this 18th day of March, 1999.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: Welch  
Nugent  
Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of adjudicatory proceedings are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 6(N) of the Commission's Rules of Practice and Procedure (65-407 C.M.R.11) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which consideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.